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Introduction

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Lessons from the MDGs in Africa

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Does Gender Inequality Reduce Growth in Sub-Saharan African and Arab Countries?

Mina Balamoune-Lutz and Mark McGillivray

Abstract: This paper uses 1974 to 2001 panel data for 31 sub-Saharan African and 10 Arab countries and Arellano–Bond estimations to empirically assess the impact on growth of an important indicator associated with MDG 3; namely the ratio of 15–24-year-old literate females to males. Our findings indicate that gender inequalities in literacy have a statistically significant negative effect that is robust to changes in the specification. In addition, it seems that gender inequality has a stronger effect on growth in Arab countries. Interestingly, we find that the interaction between openness to trade and gender inequality has a positive impact. This result suggests that trade-induced growth may be accompanied by greater gender inequalities.

Aid for Trade in Developing Countries: Complex Linkages for Real Effectiveness

Marilyne Huchet-Bourdon, Anna Lipchitz and Audrey Rousson

Abstract: Aid for trade is intended to support the integration of developing countries into the world trading system. Although this form of aid is being hailed as a promising new development tool, it lacks the strategic dimension that it needs if it is to be truly effective and fulfill donors' policy commitments. From a theoretical perspective, this paper presents the various aid-for-trade categories and analyzes the linkages between foreign direct investment, aid for trade and development. It also presents a typology of trade-related needs for a panel of countries, to serve as a guide for donors in formulating their aid supply strategies. This typology reveals a number of disparities between countries and regions, as well as a low level of regional integration. Trade-related needs are particularly significant in West Africa and East Africa, and substantial in the infrastructure sector. This paper also stresses the importance of refining the formulation of actual demand by beneficiaries, structuring the aid supply in accordance with donors'

specific areas of expertise and enhancing coordination among the various stakeholders, both public and private. Lastly, further trade liberalization will not by itself suffice to generate strong growth and improve the geographical and sectoral distribution of foreign direct investment. Factors such as political stability, the business climate, physical infrastructure, institutions and human capital also play a fundamental role. Of particular importance is the coherence of trade, sectoral, macroeconomic and tax policies, not only within each country and region but also between industrialized and developing countries.

Résumé: L'aide au commerce, présentée comme un nouvel outil de développement prometteur, vise à soutenir l'intégration commerciale des pays en développement. Il manque néanmoins à cette aide, pour asseoir son efficacité et respecter les engagements politiques des donateurs, une dimension stratégique. D'un point de vue théorique, cette étude présente les différentes catégories d'aide au commerce et analyse les relations entre IDE, aide au commerce et développement. Elle propose également une typologie des besoins liés au commerce pour un panel de pays afin de guider les bailleurs de fonds dans la définition de leurs stratégies d'offre. Cette typologie met en avant des disparités aux niveaux national et régional, ainsi qu'une faible intégration régionale. Les besoins liés au commerce, particulièrement forts pour les régions de l'Afrique de l'Ouest et de l'Afrique de l'Est, sont importants dans le secteur des infrastructures. Cet article souligne également l'importance d'affiner la formulation des demandes réelles du côté des bénéficiaires, de structurer l'offre des bailleurs en fonction de leurs propres compétences et d'approfondir la coordination entre les différentes parties prenantes, dont acteurs publics et acteurs privés. Enfin, une libéralisation plus poussée des échanges ne suffira pas, à elle seule, à enclencher une croissance forte et à améliorer la répartition géographique et sectorielle des IDE. Des facteurs comme la stabilité politique, l'environnement des entreprises, l'infrastructure matérielle, les institutions et le capital humain sont également des dimensions fondamentales. En particulier, une cohérence entre politiques commerciales, sectorielles, macroéconomiques et fiscales est impérative, pour chaque pays et chaque région mais également entre pays industrialisés et PED.

Why Doesn't Regional Integration Improve Income Convergence in Africa?

Hakim Ben Hammouda, Stephen N. Karingi, Angelica E. Njuguna and Mustapha Sadni Jallab

Abstract: This paper investigates why regional integration does not improve income convergence in Africa, despite the common goal of more open and freer trade. Based

on empirical analysis using African countries data, the paper presents the evidence that there has been little progress in income convergence in Africa. The paper shows that despite the importance of regional integration there has been limited progress and prospects of the African integration process are not as promising as would be expected for such an important pillar in Africa's development agenda.

Rethinking Economic Growth in a Globalizing World: An Economic Geography Lens

Anthony J. Venables

Abstract. This paper argues that cumulative causation processes are fundamental to understanding growth and development. Such processes derive from spatially concentrated increasing returns to scale including thick market effects, knowledge spillovers, sectoral and urban clustering, and self-reinforcing improvements in physical and social infrastructure. These sources of agglomeration have been extensively analyzed in the economic geography literature. They imply that spatial unevenness in economic activity and incomes is an equilibrium outcome. Growth tends to be 'lumpy', with some sectors in some countries growing fast while other countries lag. The policy challenge is to lift potential new centers of economic activity to the point where they can reap the productivity and investment climate advantages of increasing returns and cumulative causation.

Rethinking Industrial Policy for Low Income Countries

Robert H. Wade

Abstract. The governments of low income countries should be giving more attention to 'industrial policy' than they and the aid donors have given in the past quarter century. ('Industrial policy' means any sectorally or activity-targeted interventions, including in agriculture and services.) The first step is to discard the common assumption that industrial policy is about 'picking winners'. The second step is to realize that industrial policy can be done 'big' or 'small', and by 'leading the market' or by 'following the market'. It can be tailored to the available resources and state capacity. The third step is to see that the key issues of industrial policy are less to do with 'what activities should be encouraged?', or 'what sorts of policy instruments are best?', and more to do with, 'how do we organize a process of discovery of sensible objectives and policies?', and 'how do we organize a constant nudging of producers to upgrade, diversify, link up with foreign firms?' (where the nudging effort has to be targeted at some activities and sectors more than others). The paper illustrates with East Asian examples. One of the

good effects of the current global crisis is that it has shaken confidence in the virtues of lightly regulated markets and free capital movements, and opened the way to a less ideologically charged debate about the role of the state in development—in which thinking is not precluded by easy jeers like ‘governments can't pick winners’ or ‘maybe the East Asians can do it but you can't, so you have nothing to learn about industrial policy from them’.

Mesure de l'Efficacité des Banques dans les Pays en Voie de Développement: Le Cas de l'Union Economique et Monetaire Ouest Africaine (UEMOA)

Sandrine Kablan

Résumé: Cette étude se propose de mesurer l'efficacité des banques de l'UEMOA et ses facteurs déterminants, après les réformes bancaires de 1993 à 1996. La méthode de l'enveloppement des données (DEA) a été utilisée pour évaluer l'efficacité technique des banques tandis que celle des frontières stochastiques (SFA) a été utilisée pour estimer l'efficacité-coût. Les résultats indiquent des évolutions similaires pour les deux types d'efficacité pour tous les pays de l'UEMOA, sauf pour la Côte d'Ivoire et le Burkina Faso. Une analyse plus détaillée suivant le type de banque (locales privées, étrangères ou publiques) révèle que les premières sont les plus efficaces, suivies par les secondes, puis des troisièmes. L'indice de Malmquist montre que l'augmentation de l'efficacité technique est beaucoup plus le fait d'économie d'échelle que de l'incorporation des innovations technologiques. Enfin, l'efficacité des banques de l'UEMOA dépend des variables telles que la solidité financière, le ratio de créances douteuses par pays, la concentration bancaire et le PIB par habitant.

Health Expenditures and Health Outcomes in Africa

John C. Anyanwu and Andrew E.O. Erhijakpor

Abstract: This paper provides econometric evidence linking African countries' per capita total as well as government health expenditures and per capita income to two health outcomes: infant mortality and under-five mortality. This relationship is examined using data from 47 African countries between 1999 and 2004. Health expenditures have a statistically significant negative effect on infant and under-five mortality rates. The magnitude of our elasticity estimates are in consonance to those reported in the literature. For African countries, our results imply that total health expenditures (as well as the public component) are certainly important contributors to health outcomes. In addition, we find that both infant and under-five mortality are positively and significantly

associated with sub-Saharan Africa. The reverse is true for North Africa. While ethnolinguistic fractionalization and HIV prevalence positively and significantly affect the health outcomes, higher numbers of physicians and female literacy significantly reduce these health outcomes. These results have important implications for attaining the targets envisioned by the Millennium Development Goals. The data implications are also discussed.
